

REPORT HIGHLIGHTS
 SINGLE AUDIT

Subject

Pima County spent \$67.8 million of federal monies and additional required matching monies this past year for 97 programs. The largest federal grants were for job training, transportation, drug trafficking, and health and human services. In return, the County must be accountable for its use of both federal and local monies, maintain strong internal controls, and comply with federal program requirements. As the auditors, our job is to determine whether the County has met its responsibilities.

Our Conclusion

The County maintained adequate internal controls over financial reporting. The County also maintained adequate internal controls over, and materially complied with the federal program requirements, for the programs tested. However, for three federal programs tested, auditors found that the County did not maintain adequate internal controls or comply with one or more of the compliance requirements applicable to those programs.



2005

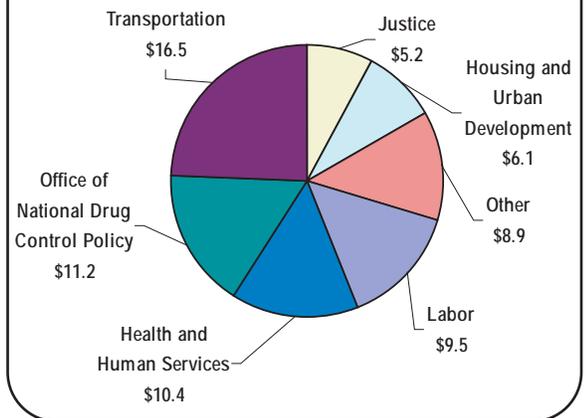
Year Ended June 30, 2005

The County Experienced an Overall Decrease in Expenditures of Federal Awards

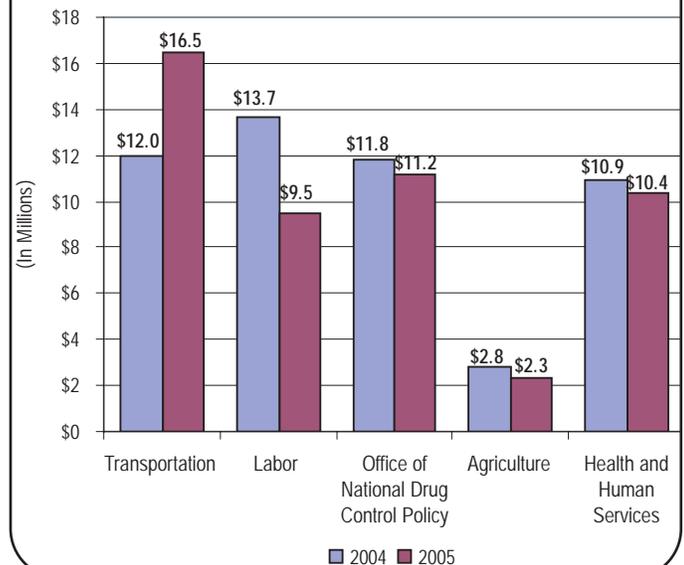
Overall expenditures of federal awards decreased by approximately \$1.3 million. The decrease was primarily the result of the following:

- \$4.5 million increase in U.S. Department of Transportation programs related to an increase in Highway Planning and Construction program monies.
- \$4.2 million decrease in U.S. Department of Labor programs related primarily to reductions in the Youth Opportunity Grants program.
- \$0.6 million decrease in Office of National Drug Control Policy programs related to a reduction in High Intensity Drug Trafficking Areas monies that were passed through to other law enforcement agencies.
- \$0.5 million decrease in U.S. Department of Agriculture programs related primarily to a reduction in funds for the Watershed Protection and Flood Prevention program.
- \$0.5 decrease in various U.S. Department of Health and Human Services programs.

Fiscal Year 2005 Federal Expenditures by Awarding Agency Totalling \$67.8 Million (In Millions)



Federal Awarding Agencies with Significant Expenditure Changes Fiscal Years 2004 and 2005



The County Did Not Always Comply with Federal Program Requirements

Auditors identified and tested five federal programs (includes two program clusters) under the guidelines established by the Single Audit Act. Audit tests included evaluating the County's compliance with each program's federal regulations generally related to expending,

monitoring, matching, and reporting federal awards. Weaknesses in internal controls and instances of noncompliance were noted for three of the programs tested. The table below identifies the findings reported in our audit by program and type of compliance requirement.

Program	Type of Compliance Requirement			
	Cash	Match	Monitor	Report
High Intensity Drug Trafficking Areas	X			X
Highway Planning and Construction		X		X
State and Local Domestic Preparedness Equipment Support Program			X	X

Cash: Federal monies requested and received were in excess of immediate program needs.
 Match: Federal monies were not properly matched with local monies.
 Monitor: Subrecipients were not monitored to ensure they received the required audits in accordance with federal requirements.
 Report: Financial information reported to the federal grantor or pass-through agency was not accurate.

- ### The Single Audit Fact Sheet
- No weaknesses in financial reporting internal controls.
 - Five weaknesses in federal compliance internal controls that resulted in immaterial violations of federal compliance requirements.
 - Program costs totaling \$481,553 were questioned as a result of our audit.

TO OBTAIN MORE INFORMATION

A copy of the full report can be obtained by calling
(602) 553-0333



or by visiting our Web site at:
www.azauditor.gov

Contact person for this report:
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